

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
Of the Franchise Investment Protection Act by:

SDO - 36 - 01

THE NALANDA GROUP, INC. d/b/a AUTOSENSE
INTERNATIONAL; G.S. SATYA; STATE
IGNITION INTERLOCK SERVICES, LLC;
THOMAS PARMENTER; their agents and
employees,

STATEMENT OF CHARGES AND NOTICE OF
INTENTION TO ISSUE AN ORDER TO CEASE
AND DESIST

Respondents.

Case No. 00-10-0368

THE STATE OF WASHINGTON TO: The Nalanda Group, Inc. d/b/a Autosense International
G.S. Satya
683 E. Brokaw Rd.
San Jose, CA 95112-1005

State Ignition Interlock Services, LLC
Thomas Parmenter
18915 142nd Ave. NE, Suite 115
Woodinville, WA 98072-3537

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, The Nalanda Group, Inc. d/b/a Autosense International, G.S. Satya, State Ignition Interlock Services, LLC, Thomas Parmenter, and their agents and employees, have violated the Franchise Investment Protection Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.100.248 to cease and desist from such violations. The Securities Administrator finds as follows:

STATEMENT OF CHARGES AND NOTICE OF
INTENTION TO ENTER ORDER TO CEASE AND DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

TENTATIVE FINDINGS OF FACT

I. Respondents

1. THE NALANDA GROUP, INC. d/b/a AUTONSENSE INTERNATIONAL (“Autosense”) is a California corporation with a place of business at 683 E. Brokaw Rd., San Jose, CA 95112-1005. Autosense manufactures ignition interlock systems. Ignition interlock systems are devices that restrict the ability of a person under the influence of alcohol to start a motor vehicle by disabling its ignition system.

2. G.S. SATYA (“Satya”) was the President of Autosense at all times relevant to the matters set forth herein.

3. STATE IGNITION INTERLOCK SERVICES, LLC (“State Ignition”) is a Washington limited liability company that was formed in November of 1998, and has a principal place of business at 18915 142nd Ave. NE, Suite 115, Woodinville, WA 98072-3537. Prior to November of 1998, Tom Parmenter was conducting business as State Ignition Interlock Services, which he had organized for the purported purpose of acting as a distributor for Autosense ignition interlock systems.

4. THOMAS PARMENTER (“Parmenter”) was the owner and manager of State Ignition at all times relevant to the matters set forth herein.

II. Nature of the Offer

5. On or before April of 1998, Tom Parmenter and Robert Cameron entered into an agreement with Autosense whereby Parmenter and Cameron obtained the exclusive rights to distribute Autosense ignition interlock systems in the state of Washington. In September of 1998, Robert Cameron assigned his rights to distribute Autosense ignition interlock systems to Tom Parmenter and State Ignition.

6. In approximately January of 1999, Tom Parmenter and State Ignition entered into a written agreement with Autosense relating to the distribution of products bearing the trade name “Autosense” including Autosense ignition interlock systems. Autosense ignition interlock systems were defined in this agreement as the “ALCO-LOCK Serve” Series 111, U.S. Patent No. 4,809,810 and 4,678,057. Under the terms of the agreement,

Autosense agreed to grant State Ignition an exclusive license to distribute, sell, lease or rent Autosense ignition interlock systems in the state of Washington. Autosense also agreed: to grant State Ignition an exclusive right to sublicense to others the right to distribute, sell, lease or rent Autosense ignition interlock systems in the state of Washington; to sell Autosense ignition interlock systems to State Ignition sublicensees; to provide written manufacturing warranties for all Autosense ignition interlock systems; and to sell Autosense products to State Ignition at a 10 percent discount. State Ignition was required to place an order with Autosense of 125 ignition interlock systems at \$450 per unit. G.S. Satya signed this agreement on behalf of Autosense.

7. From approximately January 1998 to May 1999, Tom Parmenter acting in concert with and on behalf of State Ignition and Autosense, entered into agreements with at least eight Washington purchasers relating to the sale of ignition interlock systems. Under the terms of these agreements, State Ignition granted these Washington purchasers the exclusive right to sell products bearing the trade name "Autosense" including Autosense ignition interlock systems, in a specific county or counties in the state of Washington. Washington purchasers agreed to obtain a certification from Autosense to act as authorized service providers of the ignition interlock systems. State Ignition and Autosense were obligated to provide purchasers with ongoing training and assistance, including providing training and assistance regarding the installation and servicing of the ignition interlock systems.

8. In connection with the offer and sale of these agreements, Washington purchasers agreed to pay State Ignition a purchase price. To date, State Ignition has obtained at least \$245,000 in purchase price fees from Washington purchasers. Each Washington purchaser also agreed to pay State Ignition a percentage of its gross sales or fees on a continuing basis for all Autosense interlock systems sold, rented, or leased.

9. In connection with the offer and sale of these agreements, State Ignition and Parmenter failed to provide Washington purchasers with material information regarding the opportunity to sell ignition interlock systems, including a Uniform Franchise Offering Circular (UFOC) with financial statements of Autosense and State Ignition.

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Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

I. Franchise/Sub-Franchise

The offer and/or sale of the agreements described in paragraphs 7 and 8 of the Tentative Findings of Fact above constitutes the offer and/or sale of franchises as defined in RCW 19.100.010(4).

The offer and sale of said franchises is in violation of RCW 19.100.020 because no registration for such offer and/or sale is on file with the Securities Administrator of the State of Washington.

The offer and/or sale of said franchises is in violation of RCW 19.100.080 and RCW 19.100.170 because as set forth in paragraph 9 of the Tentative Findings of Fact, Respondents failed to provide Washington purchasers with a Uniform Franchise Offering Circular (UFOC) disclosure document containing complete material information regarding the franchise opportunity.

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents, The Nalanda Group, Inc. d/b/a Autosense International, G.S. Satya, State

1 Ignition Interlock Services, LLC, Thomas Parmenter, and their agents and employees, shall each permanently
2 cease and desist from violations of RCW 19.100.020 and RCW 19.100.170.

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4 **AUTHORITY AND PROCEDURE**

5 This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND
6 DESIST is entered pursuant to the provisions of RCW 19.100.248, and is subject the provisions of ch. 34.05 RCW.
7 Each of the Respondents may make a written request for a hearing as set forth in the NOTICE OF
8 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

9 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the above
10 Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order against
11 that Respondent.

12 DATED this 22nd day of May, 2001.

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15 DEBORAH R. BORTNER
16 Securities Administrator

17 Approved by:

18 Presented by:

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20 _____
21 Michael E. Stevenson
22 Chief of Compliance

23
24 _____
25 Chad Standifer
26 Staff Attorney